of approximately 41,000 MW has been targetted. With close monitoring from the beginning, the capacity addition targetted for the Tenth Plan is expected to be achieved. Renovation and Modernization of the existing plants is being given priority. With other measures for:

reducing technical losses in distribution under the tightly focussed APDRP programme;

demands side management through energy efficiency and energy conservation; and

improvement in capacities for inter-regional transfer of power through creation of the National Grid,

the country is expected to achieve a satisfactory level in availability of power.

Rural electrification has now been included under Prime Minister's Gramodaya Yojana (PMGY) from the year 2001-02 as a Basic Minimum Service. Electrification of all villages by 2007 and provision of access to all households by 2012 has been accepted as a national goal. The budget for the year 2002-03 provides for introduction of a new interest subsidy scheme called the Accelerated Rural Electrification Programme with an outlay of Rs. 164 crore. This would enable States to give the rural electrification programme greater momentum by accessing funds liberally from the REC and the Rural Infrastructure Development Funds (RIDF).

The forward-looking, reform-oriented Electricity Bill 2001 has been introduced in Parliament. The Bill, *Inter-alia*, contains stringent provisions for penalty in case of power thefts. The Bill also includes provisions for reduction of cross subsidies, and for payment of subsidies upfront by the State Government to the State Power Utilities where such subsidies are considered unavoidable.

It is expected that the action plan outlined in the preceding paragraphs would lead to improvement in the operational and financial performance of the State Electricity Boards/Utilities with restoration of commerical viability in a few years.

Private sector participation in defence production

*252. SHRI K. NATWAR SINGH: Will the Minister of DEFENCE be pleased to state:

(a) whether Government's decision to open the defence sector for private investment has got a poor response;

(b) if so, whether Government was expecting good players in the private sector to come forward for investment in defence;

(c) if so, what are the factors that are responsible for the poor response; and

(d) the steps being taken to encourage private investment in defence units?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (d) The Defence industry sector was opened in May, 2001 for participation by Indian Private sector upto 100% of equity, with Foreign Direct Investment (FDI), component of it being permissible upto 26%, both being subject to licensing permision. This includes all types of defence equipment. The basic objective of allowing FDI in this sector is to attract foreign technology. Detailed guidelines were issued by the Department of Industrial Policy & Promotion (DIPP) after consultation with the Ministry of Defence and Industry Associations, for consideration of applications for grant of licence in January, 2002.

2. Private industry has been associated with defene production for long but in the areas of non-lethal equipment, raw materials, semi-finished products, components and sub-systems. They have also been participating in Defence Research and Development Organization (DRDO) developed technologies/systems, lending their expertise in electronics, engineering, microwave devices, structural, systems, armament sub-systems, automative power packs, aerospace components, components for armoured vehicles and military equipment/stores. Based on the experience of working with such companies and the desire expressed by the Industry Associations, the Government does expect the private sector companies with proven track records to invest in defence industry.

3. Six applications for grant of industrial licence for the manufacture of a range of defence equipment have been received by the DIPP. The defence industry sector is a high technology sector requiring substantial capital investment and hence caution on the part of private entrepreneurs is understandable. It is also rather early to assess the impact of the decision to open up the sector. Government is in dialogue with the Indsutry representatives on various aspects of procurement through the private sector to enable them to take investment decisions.